

Message Text

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ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 SAB-01 SAM-01 EB-07 COME-00 AGR-05 STR-04

TRSE-00 /087 W

----- 105450

P R 192129Z DEC 75

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC PRIORITY 6135

INFO AMEMBASSY BRUSSELS

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY QUITO

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L PANAMA 7857

E.O. 11652: GDS

TAGS: PGOV, BE, EEC, PN

SUBJECT: UNITED BRANDS (UB) GOP NEGOTIATIONS

REFS: (A) PANAMA 7576 (B) PANAMA 7327

(C) PANAMA 5536 (D) PANAMA 5935 (NOTAL)

SUMMARY: WALLACE BOOTH, UB CHAIRMAN AND CHIEF EXECUTIVE VISITED PANAMA DEC 17-19 TO CONFER WITH EMBASSY AND GOP, INCLUDING GENERAL TORRIJOS. ON OCCASION BOOTH VISIT, UB ISSUED PRESS RELEASE ANNOUNCING THE EXPECTATION OF A FORMAL UB/GOP AGREEMENT EARLY IN THE YEAR. LOCAL PRESS DEC 19 FRONTPAGED PRESS RELEASE. HOWEVER, SEGMENT OF THE PRESS TIMED IT TO ALSO FRONTPAGE A REPORT FROM BRUSSELS THAT EUROPEAN COMMON MARKET (EEC) HAD HEAVILY FINED UB FOR VIOLATING ITS ANTI-MONOPOLY LAWS. UB REP WALKER INFORMED. HE WAS UNAWARE OF THIS, BUT DID NOT APPEAR PERTURBED. END SUMMARY

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1. UB EXECUTIVES WERE QUITE ACTIVE THS WEEK. UB CONSULTANT

KEVIN CORRIGAN (REF D) CALLED ON AMBASSADOR AND ECON/COM COUNSELOR DEC 15 AND DEC 16, RESPECTIVELY. BOOTH, ACCOMPANIED BY CORRIGAN, MET WITH AMBASSADOR MORNING DEC 18.

2. THEY REPORTED FOLLOWING: THERE WERE SOME MINOR POINTS TO BE WORKED OUT IN THE PRELIMINARY DRAFT OF THE NEW UB/GOP AGREEMENT (REF A) BUT FORESAW NO RPT NO PROBLEM. GENERAL TORRIJOS WANTED AGREEMENT READY FOR HIS SIGNATURE EARLY IN JANUARY-THE LATEST-AND WIDELY PUBLICIZED IN THE U.S. ACTUALLY TORRIJOS SO IMPATIENT, HE WANTED CORRIGAN TO BEGIN PUBLICITY BEFORE FORMAL UB/GOP AGREEMENT. AMBASSADOR CAUTIONED U.B. NOT TO DO SO BEFORE AGREEMENT FINALIZATION.

3. IN MEETING WITH ECON/COM COUNSELOR AT UB OFFICE LATE DEC 81, CORRIGAN REPORTED FOLLOWING: BOOTH HAD A CORDIAL 45-MINUTE MEETING WITH GENERAL TORRIJOS AND VICE PRESIDENT GONZALEZ EARLIER THAT AFTERNOON. HE AND UB REP BOBBY WALKER WERE PRESENT. BOOTH POINTED OUT UB HAD MADE MANY ERRORS IN THE PAST AND IT WAS HIS JOB TO LAY THE GROUNDWORK FOR A NEW AND PERMANENT RELATIONSHIP WITH PANAMA. TORRIJOS EXPRESSED SATISFACTION ON HAPPY OUTCOME DRAFT UB/GOP AGREEMENT AND PARTICULARLY INTERESTED IN UB SPEEDY IMPLEMENTATION OF UB PROPOSED AGRICULTURAL DIVERSIFICATION (REF C).

4. CORRIGAN ALSO REPORTED SESSIONS FOR PREPARATION FINAL UB/GOP TO BEGIN DEC 19 WITH FOLLOWING PARTICIPANTS: A) GOP-VICE PRESIDENT GONZALEZ; RECENTLY APPOINTED MIN. OF COMMERCE & INDUSTRIES (LIC. JULIO E. SOSA (REF B); LEGISLATIVE COMMISSION MEMBER RUBEN DARIO HERRERA AND JAIME ARIAS, BOTH GOP LEGAL ADVISORS, AND B) UB-DR. EMANUEL V. AIRPURUA AND NICOLAS SABAL, LEGAL AND FINANCIAL ADVISERS, RESPECTIVELY.

5. ON OCCASION BOOTH VISIT, UB PREPARED NEWS RELEASE, ANNOUNCING HIS ELECTION AS HEAD OF UB AND PERSONAL CHARGE OF NEGOTIATIONS WITH GOP AND REPORTING-INTER ALIA- A) BOOTH'S MEETING WITH VICE PRESIDENT GONZALES (TORRIJOS PRESENCE NOT MADE PUBLIC) AND THAT GOP AND UB REPS HAVE "IRONED OUT MOST OF THE MAJOR PROBLEMS" AND THAT CONCLUSION FORMAL AGREEMENT EXPECTED

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"EARLY IN THE YEAR"; B) "BOTH SIDES" AGREED THAT PANAMA WOULD LARGELY BENEFIT FROM UB EXPERTISE IN BANANA PRODUCTION AND WORLDWIDE MARKETING; C) UB AGREED WITH GOP PERSISTENT POSTURE THAT "CHANGING CONDITIONS REQUIRED FUNDAMENTAL CHANGES" IN UB/GOP RELATIONSHIP, AND D) UB/GOP NEGOTIATIONS WERE TO BE CONDUCIVE TO A FORMULA ASSURING "PANAMA FULL CONTROL OF ITS NATURAL RESOURCES," " INCLUDING OWNERSHIP OF UB AGRICULTURAL LANDS." COPY OF UB PRESS RELEASE BEING FORWARDED DEPARTMENT.

6. LOCAL PRESS DEC 19 FRONTPAGED UB PRESS RELEASE.
HOWEVER, BOTH ESTRELLA AND STAR & HERALD ALSO FRONTPAGED
UNDATED AP REPORT FROM BRUSSELS THAT A) EEC HAD FINED UB
\$1.6 MILLION (STAR & HERALD: \$1.2 MILLION) FOR VIOLATING
ITS ANTI-MONOPOLY LAWS AND ORDERED UB TO REDUCE ITS PRICES
IN SIX WESTERN EUROPEAN COUNTRIES, AND IF UB FAILED TO COMPLY
IT WILL BE SUBJECT TO DAILY FINE OF \$1600 (STAR & HERALD \$1200).
WHEN ECON/COM COUNSELOR INFORMED WALKER FOREGOING EARLY DEC.
19, HE WAS UNAWARE OF THIS. HE WAS CONFIDENT THIS WOULD
NOT BE A DAMPER TO PRESENT TREND OF UB/GOP NEGOTIATIONS.

7. COMMENTS: TORRIJOS' IMPATIENCE IN GETTING AN AGREEMENT
WITH UB IS UNDERSTANDABLE, BECAUSE OF BLEAK OUTLOOK IN PANAMA'S
ECONOMY FOR 1976. THEREFORE, HE AND HIS CABINET MINISTERS
ANXIOUS TO RESTORE BUSINESS CONFIDENCE, IMPROVE INVEST-
MENT CLIMATE AND CURB GROWING UNEMPLOYMENT, ESPECIALLY IN THE
RURAL SECTOR. THE TIMING OF THE EEC REPORT BY THE SEMI-INDE-
PENDS ESTRELLA DND STAR & HERALD WAS RATHER UNFORTUNATE. IT
REMAINS TO BE DETERMINED WHETHER THIS IS THE WORK OF ELEMENTS
TRYING TO EMBARRASS PUBLICLY THE GOP. BOOTH AND CORRIGAN
DEPARTED FOR U.S. NOON DECEMBER 19.
JORDEN

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